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January 31, 2019

VIA Email

Office of Chief Counsel
Division of Corporation Finance
Securities and Exchange Commission
100 F Street, NE
Washington, D.C. 20549
via email: shareholderproposals@sec.gov

Ladies and Gentlemen:

On behalf of Exxon Mobil Corporation, a New Jersey corporation (the "**Company**" or "**Exxon Mobil**"), and in accordance with Rule 14a-8(j) under the Securities Exchange Act of 1934, as amended (the "**Exchange Act**"), we are filing this letter with respect to the shareholder proposal (the "**Proposal**") submitted by New York State Common Retirement Fund (the "**Proponent**") for inclusion in the proxy materials the Company intends to distribute in connection with its 2019 Annual Meeting of Shareholders (the "**2019 Proxy Materials**"). The Proposal is attached hereto as Exhibit A.

We hereby request confirmation that the Staff of the Division of Corporation Finance (the "**Staff**") will not recommend any enforcement action if, in reliance on Rule 14a-8, the Company omits the Proposal from the 2019 Proxy Materials.

Pursuant to Staff Legal Bulletin No. 14D (CF), Shareholder Proposals (November 7, 2008), Question C, we have submitted this letter and any related correspondence via email to shareholderproposals@sec.gov. Also, in accordance with Rule 14a-8(j), a copy of this submission is being sent simultaneously to the Proponent as notification of the Company's intention to omit the Proposal from the 2019 Proxy Materials. This letter constitutes the Company's statement of the reasons it deems the omission of the Proposal to be proper.

THE PROPOSAL

The Proposal states:

> "RESOLVED: Shareholders request that the Board of Directors, in annual reporting from 2020, include disclosure of short-, medium- and long-term greenhouse gas targets aligned with the greenhouse gas reduction goals established by the Paris Climate Agreement to keep the increase in global average temperature to well below 2°C and to pursue efforts to limit the increase to 1.5°C. This reporting should cover both the corporation's operations and products, omit proprietary information, and be prepared at reasonable cost."

The Company believes that the Proposal may be properly omitted from the 2019 Proxy Materials pursuant to Rule 14a-8(i)(3) because it is vague and indefinite, pursuant to Rule 14a-8(i)(7) because it impermissibly seeks to micro-manage the Company and pursuant to Rule 14a-8(i)(10) because the Company has already substantially implemented the Proposal.

REASONS FOR EXCLUSION OF THE PROPOSAL

1. The Company may omit the Proposal pursuant to Rule 14a-8(i)(3) because it is impermissibly vague and indefinite so as to be inherently misleading.

Under Rule 14a-8(i)(3), a proposal may be excluded if the resolution or supporting statement is contrary to any of the Commission's proxy rules or regulations. The Staff has consistently taken the view that shareholder proposals that are "so inherently vague or indefinite that neither the shareholders voting on the proposal, nor the company in implementing the proposal (if adopted), would be able to determine with any reasonable certainty exactly what actions or measures the proposal requires" are materially false and misleading. Staff Legal Bulletin No. 14B (CF) (September 15, 2004). *See also Dyer v. SEC*, 287 F.2d 773, 781 (8th Cir. 1961) ("[I]t appears to us that the proposal, as drafted and submitted to the company, is so vague and indefinite as to make it impossible for either the board of directors or the shareholders at large to comprehend precisely what the proposal would entail.").

A proposal may also be vague, and thus materially misleading, when it fails to address essential aspects of its own implementation. For example, the Staff has allowed the exclusion of several executive compensation proposals where a crucial term relevant to implementing the proposal was not clear. *See The Boeing Company* (January 28, 2011, recon. granted March 2, 2011) (proposal requesting, among other things, that senior executives relinquish certain "executive pay rights" because the proposal did not sufficiently explain the meaning of the phrase); *General Electric Company* (January 21, 2011) (proposal requesting that the compensation committee make specified changes was vague because, when applied to the company, neither the shareholders nor the company would be able to determine exactly what actions or measures the proposal required); and *General Electric Company* (January 23, 2003) (proposal seeking an individual cap on salaries and benefits of one million dollars failed to define the critical term "benefits" or otherwise provide guidance on how benefits should be measured for purposes of implementing the proposal).

The Proposal requests the disclosure of "short-, medium- and long-term greenhouse gas targets aligned with the greenhouse gas reduction goals established by the Paris Climate Agreement to keep the increase in global average temperature to well below 2°C and to pursue efforts to limit the increase to 1.5°C. The reporting should cover both the corporation's own operations as well as its products ..." As described in more detail in this letter with respect to Rule 14a-8(i)(10), we believe ExxonMobil's actions and its annual disclosure of those actions -- most recently in its 2018 Energy and Carbon Summary ("ECS")[1] -- substantially address the principal objective of the Proposal: that the Company do its part to help address the risks of climate change and position itself to meet the demands of an evolving energy system and lower-carbon energy future and report to shareholders on those actions. As described further in the ECS and below in this letter the Company is meeting this objective through four key areas of focus: developing scalable technology solutions; engaging on climate change policy; providing products to help customers reduce their own emissions; and mitigating emissions in the Company's operations. ExxonMobil has taken a number of significant steps to reduce the energy intensity of its operations and emissions associated with flaring and

1 https://cdn.exxonmobil.com/~/media/global/files/energy-and-environment/2018-energy-and-carbon-summary.pdf

venting. These efforts include research into scalable carbon capture and storage, advanced fuel cells and advanced biofuels. The Company also purchases and uses wind and solar energy in its business operations.

However, we believe the particular framing of the Proposal reflects a misunderstanding both of the nature of the Paris Agreement and of the global energy economy which renders the Proposal fundamentally misleading. The Company simply could not implement the Proposal's terms as presented. This is especially the case with respect to the Proposal's call for company specific "targets" for the reduction of emissions from both the Company's "operations and products" that are "aligned with the greenhouse gas reduction goals established by the Paris Climate Agreement."

The Paris Agreement is a government-to-government accord under which countries seek to reduce their national GHG emissions according to pledges known as "Nationally Determined Contributions" ("**NDCs**"). To effect change, the specifics of country-level policy must ultimately resolve to change the demand for energy. How any particular participating country chooses to formulate and attempt to meet its NDC is a matter of complex interplay among that country's legal and policy decisions as affected by local and global economic, technological and geopolitical objectives and developments. ExxonMobil's alignment with the Paris Agreement will be achieved by effectively responding to the changes in energy demand driven by changes in country-specific policies. Unilateral action by ExxonMobil that is inconsistent with or disconnected from these changes in policy as well as consumer demand could harm ExxonMobil's business, prevent the Company from meeting society's needs for energy, and make it more rather than less difficult for countries to meet their NDCs under the Paris Agreement.

A few examples help illustrate the above point:

- Oil and gas produced by ExxonMobil is used by millions of commercial and individual consumers around the world. ExxonMobil does not control or in many cases know the identities of these consumers, who are best positioned to make appropriate decisions regarding their energy usage and resulting emissions. To the extent consumer demand evolves ExxonMobil believes it is well positioned to continue to be competitive in meeting that demand. Under all credible third-party scenarios, even if the world succeeds in moving to a 2°C pathway, significant demand for oil and gas will remain for decades to come. In its 2°C Sustainable Development Scenario, the International Energy Agency ("**IEA**") forecasts liquids demand of 69.9 million barrels per day and natural gas demand of 4184 billion cubic meters (an increase from 2017 natural gas demand of 3752 billion cubic meters) in 2040 and estimates that more than $13 trillion of investment will be needed for oil and natural gas supply from 2018-2040. Even using the lowest liquids demand growth rate among the assessed 2°C scenarios available through the Energy Modeling Forum ("**EMF**") at Stanford University,[2] liquids demand would still be 53 million barrels per day in 2040.[3] ExxonMobil provides products to meet a portion of this demand where we can compete most effectively and create value for shareholders. However, oil and gas consumption is a function of this global demand, not ExxonMobil's production. Oil and gas are global commodities produced by hundreds of different producers ranging from small private companies to vast state-owned enterprises in countries whose

[2] The EMF supports the assessments issued by the Intergovernmental Panel on Climate Change. The models assessed in ExxonMobil's Outlook for Energy represent those scenarios -- prepared by independent third parties -- which achieve a 2°C pathway and do not exclude any potential technology options for doing so. See ECS p. 7.
[3] See ECS p 10.

national economies are significantly dependent on oil and gas production. The Proposal seems to suggest that ExxonMobil as an individual company reduce its own production in order to achieve a "target" for reducing emissions from consumers' use of the oil and gas it produces in response to global demand for those products. However, such a reduction would not change global demand for oil and gas. Any market share ceded by ExxonMobil would simply be met by other producers, including resource owners and other participants who would continue to operate projects in which ExxonMobil currently participates.[4] Hence, ExxonMobil could not set a "target" for the reduction of emissions from consumer use of our products that would affect overall national emissions or be "aligned with the greenhouse gas reduction goals" of the Paris Agreement, which as noted above must be effected by country-level policies not unilateral action by ExxonMobil. In fact, to the extent demand not met by ExxonMobil is met by producers who may lack ExxonMobil's operational expertise, technological advantages and commitment to conducting its operations efficiently, a reduction in production of oil and gas by ExxonMobil could result in an *increase* in actual energy-related CO_2 emissions at the country level.

- Although the United States has indicated an intent to withdraw from the Paris Agreement, US energy-related CO_2 emissions have declined in seven of the past 10 years and in 2017 fell to a level 14% lower than in 2005.[5] A key driver in reduced US CO_2 emissions has been the substitution of lower-carbon natural gas for coal in electric power generation. Continued fuel switching to lower carbon natural gas in the power generation and industrial sectors will play an important role in continued reductions of US energy-related emissions. Through the supply of liquefied natural gas ("**LNG**"), the emission-reducing benefits of natural gas can also be realized by countries in Asia and elsewhere that currently depend heavily on coal-fired power generation and lack sufficient indigenously available supplies of affordable natural gas. ExxonMobil is one of the leading producers of natural gas in the United States and is a major participant in current and planned LNG production facilities around the world. Thus, the growth of that business and associated emissions is more closely "aligned with the greenhouse gas reduction goals" of the Paris Agreement than would be a target for reducing the growth of ExxonMobil's business.

- As also discussed in more detail elsewhere in this letter and in the ECS, ExxonMobil produces a number of products that help others reduce their own emissions. For example, advanced plastics play an important role in reducing the weight of automobiles, thereby improving fuel efficiency and helping reduce transportation sector emissions per mile. Similar "lightweighting" of other products using advanced materials also reduces shipping weight and associated emissions. ExxonMobil also produces advanced lubricants that improve engine and powertrain efficiency and thereby reduce emissions. Growth in these businesses could lead to increased emissions at the Company level but contribute positively to reduced emissions at the national and global levels and thus be

4 The Company is aware that some oil and gas companies have been cited for the reduction in emissions from their products as a result of divesting certain oil and gas assets. However, our understanding is these assets generally continue to be developed and produced. Thus, a reduction of oil and gas production by an individual company did not necessarily reduce applicable national emissions in alignment with the goals of the Paris Agreement.

5 https://www.eia.gov/todayinenergy/detail.php?id=36953

more consistent with the goal of the Paris Agreement than a reduction target at the ExxonMobil corporate level.

In short, the goal of the Paris Agreement to reduce GHG emissions at the national and ultimately global level does not translate into meaningful and effective reduction "targets" for ExxonMobil that contribute to that goal. While ExxonMobil works to mitigate emissions from its operations and is investing in substantial research and development efforts to develop next-generation low net carbon energy sources for the future, oil and gas will remain significant components of the global energy system for decades to come. Moreover, many of our products contribute positively to the goals of the Paris Agreement by helping customers reduce emissions in other sectors of the economy. Thus, a reduction target that limited the growth of ExxonMobil's businesses would reduce ExxonMobil's ability to contribute to the goals of the Paris Agreement in the ways that best suit the Company's core competencies. By suggesting that the national and global GHG reduction goals of the Paris Agreement translate meaningfully into unilateral reduction goals for an individual company within the complex global energy economy, rather than policy choices at the country level that change energy demand, the Proposal is inherently misleading. Accordingly, consistent with the Staff's previous interpretations of Rule 14a-8(i)(3), the Company believes that the Proposal may be excluded.

2. The Company may omit the Proposal pursuant to Rule 14a-8(i)(7) because it relates to the Company's ordinary business operations by impermissibly seeking to micro-manage the Company.

A. Background

Rule 14a-8(i)(7) allows a company to omit a shareholder proposal from its proxy materials if such proposal deals with a matter relating to the company's ordinary business operations. The general policy underlying the "ordinary business" exclusion is "to confine the resolution of ordinary business problems to management and the board of directors, since it is impracticable for shareholders to decide how to solve such problems at annual shareholders meetings." Exchange Act Release No. 34-40018 (May 21, 1998) (the "**1998 Release**"). This general policy reflects two central considerations: (i) "[c]ertain tasks are so fundamental to management's ability to run a company on a day-to-day basis that they could not, as a practical matter, be subject to direct shareholder oversight" and (ii) the "degree to which the proposal seeks to 'micro-manage' the company by probing too deeply into matters of a complex nature upon which shareholders, as a group, would not be in a position to make an informed judgment."

Although the Staff has stated that a proposal generally will not be excludable under Rule 14a-8(i)(7) where it raises a significant policy issue (Staff Legal Bulletin 14E (October 27, 2009)), even if a proposal involves a significant policy issue, the proposal may nevertheless be excluded under Rule 14a-8(i)(7) if it seeks to micro-manage the company by specifying in detail the manner in which the company should address the policy issue. See *Apple Inc.* (December 21, 2017) (proposal requesting the Apple board prepare a report evaluating potential for Apple to achieve net-zero GHG emissions by a fixed date excludable for micro-managing despite Apple's acknowledgment that reduction of GHG emissions, which the proposal sought to address, is a significant policy issue). The staff has recognized that a shareholder's casting of a proposal as a mere request for a report, rather than a request for a specific action, does not mean that the proposal does not seek to micro-manage the Company, even when the proposal addresses a significant policy issue. See *Ford Motor Company* (March 2, 2004) (proposal requesting the preparation and publication of scientific report

regarding the existence of global warming or cooling excludable "as relating to ordinary business operations" despite recognition that global warming is a significant policy issue).

B. The Proposal seeks to micro-manage the Company by imposing specific time frames and methods to implement complex policies.

The Proposal seeks to micro-manage the Company by asking the Company to set and disclose three GHG emissions reduction targets by the following timeframes: "short-, medium- and long-term". Although the exact terms are not defined and, as discussed earlier in this letter, it is not clear how the Company could set and enforce targets that would result in the reduction of emissions from global consumption of oil and gas by the millions of commercial and individual users who make up that demand and over whom the Company has no control, it is clear the Proposal requests three different targets within three different time frames. The Proposal thus would require management to prepare a plan that could feasibly achieve specific GHG reductions from both the Company's operations and from its products by three separate targets. Developing GHG emissions targets even with respect to the operations the Company itself conducts and controls requires complex decisions to be made by experts and management, taking into account among other things analyses and projections regarding the Company's current and future operations; anticipated technological, economic and geopolitical developments; anticipated changes in government policy stringency and evolution; and projected changes in the amount and mix of global energy and petroleum product requirements.

The Company's GHG emissions and the emissions resulting from use of its products by consumers result from the Company's highly complex operations and changes in those operations over time. The Company's operations encompass multiple business lines including the exploration and production of crude oil and natural gas; the manufacture of petroleum and petrochemical products; and the transportation and sale of crude oil, natural gas and petroleum and petrochemical products. The Company also makes substantial investments in the research and development of multiple technologies, some of which are at the forefront of early innovation and whose ultimate benefits may not be known for many years. These operations occur throughout the world at a significant number of properties and locations; similarly, the Company's products are sold throughout the world. These complex operations require the Company's management to manage countless factors on a day-to-day basis, including:

- specific management decisions regarding existing oil, gas, petroleum product and petrochemical projects around the world;
- expansions and enhancements to those projects as well as the development of similar new such projects to offset the natural decline of oil and gas fields and to grow the Company's businesses;
- anticipated customer demand and how best to succeed in highly competitive global markets;
- the portfolio of investment opportunities available to the Company that would provide attractive returns to shareholders;
- how best to manage GHG emissions from these operations as well as the wide variety of operational and other risks inherent in many of the Company's businesses;

- how best to comply with complex and evolving legal and environmental requirements that vary widely across the many jurisdictions in which the Company, either directly or through affiliated entities, conducts business; and

- many other technical and management considerations.

These are the types of complex day-to-day operational decisions that the 1998 Release stated are too impractical to subject to direct shareholder oversight. Consequently, the Proposal micro-manages the Company to a much greater degree than proposals that are limited to a company's own operations, such as a GHG reduction proposal submitted to the TJX Companies ("**TJX**"). In TJX Companies, Inc. (March 3, 2017), the proposal called for the company to prepare a report evaluating the potential for TJX to achieve "net-zero" GHG gas emissions from parts of the business owned and operated by TJX. Unlike the Proposal, the TJX proposal did not require the company to investigate and address emissions associated with TJX's products in its plan to reduce GHG emissions. In addition, as a global oil and gas exploration and production company (and a global producer of petroleum and petrochemical products), the Company's business operations involve far more complex business and technology planning and choices than the retail sale of apparel and home accessories manufactured by others at issue in TJX. Moreover, the Company's operations are subject to extensive regulation on an international, federal, state and local level; the Proposal does not take these and other considerations into account,[6] and its efforts to impose specific time frames or methods for implementing complex policies curtails the ability of the Company's management to do so.

By requiring "short-, medium- and long-term" targets, the Proposal has set three specific deadlines and is significantly different from proposals that request general goals, or a range of acceptable degrees of compliance, for environmental objectives. The Staff has in the past declined to allow exclusion of proposals that request goals or ranges of compliance on micro-management grounds. See, e.g., *FirstEnergy Corp.* (March 4, 2015) (declining to concur in exclusion of proposal that called for preparation of a plan to address carbon dioxide emissions but did not "mandate what quantitative goals should be adopted, or how the quantitative targets should be set"); *ExxonMobil Corporation* (March 12, 2007) (declining to concur in exclusion of proposal requesting adoption of a policy (as opposed to a plan) to significantly increase renewable energy sourcing, with a "recommended goal" in the range of 15%-25% of all energy sourcing by 2015-2025). By contrast, the Proposal sets specific goals in reference to the Paris Agreement and specific short-, medium- and long-term deadlines. In order to implement the Proposal by setting credible, realistic GHG reduction targets by specific time periods, the Company would need to engage in a significant amount of complex day-to-day actions and calculations to a much greater degree than the FirstEnergy and ExxonMobil proposals cited above which merely requested a general GHG emissions reduction plan without specific targets and a renewable energy policy.

To achieve the Proposal's objectives, management would be required to subject its day-to-day considerations to shareholder oversight. This is impractical because as described above in this letter resource deployment and management of the Company's highly complex global operations are inherently fact-specific and require expert oversight on a daily basis. These types of decisions are not well-suited to shareholder supervision. The Proposal directly implicates the micro-management

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[6] In fact, the Proposal's supporting statement itself notes that there are "at least 1, 512 climate change laws." This plethora of laws proves the point that Company decisions regarding GHG emissions are complicated, implicating a range of regulation, and thus exactly the type of complex day-to-day operational decisions that the 1998 Release stated are too impractical for direct shareholder oversight.

of complex issues that the 1988 Release addressed. It is excludable under Rule 14a-8(i)(7) because it seeks to address the issue of specific emission reduction targets over three specific time periods and the Paris Agreement goals in a manner that directly impedes management's ability to operate the Company's day-to-day business.

3. The Company may omit the Proposal pursuant to Rule 14a-8(i)(10) as it has been substantially implemented and its practices, policies and procedures compare favorably to the Proposal.

Rule 14a-8(i)(10) permits a company to exclude a shareholder proposal if the company has already substantially implemented the proposal. The Commission has stated that "substantial" implementation under the rule does not require implementation in full or exactly as presented by the proponent. *See Exchange Act Release No. 34-40018* (May 21, 1998, n.30). The Staff has provided no-action relief under Rule 14a-8(i)(10) when a company has substantially implemented and therefore satisfied the "essential objective" of a proposal, even if the company did not take the exact action requested by the proponent, did not implement the proposal in every detail or exercised discretion in determining how to implement the proposal. *See Exxon Mobil Corporation* (March 23, 2018) (permitting exclusion of a shareholder proposal requesting that the company issue a report describing how the company could adapt its business model to align with a decarbonizing economy where the requested information was already available in two published reports describing the company's long-term outlook for energy and how it would position itself for a lower-carbon energy future); *Ford Motor Company* (February 22, 2016) (permitting exclusion of a shareholder proposal requesting that the company adopt a policy disclosing the gender, race/ethnicity, skills and experiences of each board nominee where the requested information was already available in a chart disclosing the aggregate gender and minority status of the company's directors in its sustainability report and the specific qualifications required of board nominees as well as each director's actual skills and experiences as it relates to those qualifications in its proxy materials); *Wal-Mart Stores, Inc.* (March 25, 2015) (permitting exclusion of a shareholder proposal requesting an employee engagement metric for executive compensation where a "diversity and inclusion metric related to employee engagement" was already included in the company's management incentive plan); *Entergy Corp.* (February 14, 2014) (permitting exclusion of a shareholder proposal requesting a report "on policies the company could adopt . . . to reduce its greenhouse gas emissions consistent with the national goal of 80% reduction in greenhouse gas emissions by 2050" where the requested information was already available in its sustainability and carbon disclosure reports); *Duke Energy Corp.* (February 21, 2012) (permitting exclusion of a shareholder proposal requesting that the company assess potential actions to reduce greenhouse gas and other emissions where the requested information was available in the Form 10-K and its annual sustainability report); and *Exelon Corp.* (February 26, 2010) (concurring in the exclusion of a proposal that requested a report on different aspects of the company's political contributions when the company had already adopted its own set of corporate political contribution guidelines and issued a political contributions report that, together, provided "an up-to-date view of the [c]ompany's policies and procedures with regard to political contributions"). "[A] determination that the company has substantially implemented the proposal depends upon whether [the Company's] particular policies, practices~~,~~ and procedures compare favorably with the guidelines of the proposal." *See Texaco, Inc.* (March 28, 1991) (permitting exclusion on substantial implementation grounds of a proposal requesting that the company adopt the Valdez Principles where the company had already adopted policies, practices and procedures regarding the environment).

The core of the Proposal, or its "essential objective," is for the Company to disclose "short-, medium- and long-term greenhouse gas targets aligned with the greenhouse gas reduction goals

established by the Paris Climate Agreement." The Company's 2018 ECS report is available on its website, and, along with other ExxonMobil press releases and written information available on the Company's website, demonstrates that the essential objective of the Proposal has been substantially implemented[7]. While as described previously in this letter there are fundamental flaws in the Proposal's purported linkage of company-specific reduction targets relating both to its operations and its products with the achievement of the national and global objectives of the Paris Agreement, the underlying premise of the Proposal -- that the Company take action, including through the establishment of measures where practicable, to help address the risk of climate change and report to shareholders on those actions -- is something the Company supports and is doing. As described further below, the 2018 ECS report demonstrates that the Company has substantially implemented the Proposal by satisfying its essential objective, and thus the Proposal is excludable under Rule 14a-8(i)(10). Please note that the Company intends to make publicly available an updated 2019 version of the ECS in the coming weeks and, if appropriate, will supplement this no-action letter request with equally relevant information from this updated 2019 ECS.

In the table below we have succinctly demonstrated how the 2018 ECS report and other Company public disclosures are responsive to the Proposals' request for "short-, medium- and long-term greenhouse gas targets aligned with the greenhouse gas reduction goals established by the Paris Climate Agreement." A more detailed discussion of the public disclosures the Company has made that address the essential objective of the Proposal is set forth following the summary table.

Proposal request	**ExxonMobil Disclosures**
"greenhouse gas targets," "[d]isclosing targets", "disclosure of targets" and "disclosed targets"	"ExxonMobil Announces Greenhouse Gas Reduction Measures" news release[8] "Imperial applying new technologies to reduce oil sands greenhouse gas emissions intensity" news release[9] "ExxonMobil's XTO Energy Announces Progress on Methane Emissions Reduction Program" news release[10] ECS pp. 13, 16-17
"short-, medium- and long-term ... greenhouse gas targets"	"ExxonMobil Announces Greenhouse Gas Reduction Measures" news release[11] "Imperial applying new technologies to reduce oil sands greenhouse gas emissions intensity" news release[12]

[7] In 2018, the Staff concurred that the 2018 ECS was sufficient to support the exclusion of the proposal regarding a transition to a low carbon economy at issue in *Exxon Mobil Corporation* (available March 23, 2018).
[8] https://news.exxonmobil.com/press-release/exxonmobil-announces-greenhouse-gas-reduction-measures
[9] https://news.imperialoil.ca/press-release/corporate/imperial-applying-new-technologies-reduce-oil-sands-greenhouse-gas
[10] https://news.exxonmobil.com/press-release/exxonmobils-xto-energy-announces-progress-methane-emissions-reduction-program
[11] See footnote 8.
[12] See footnote 9.

	"ExxonMobil's XTO Energy Announces Progress on Methane Emissions Reduction Program" news release[13] ECS pp. 13, 16-17
"aligned with the greenhouse gas reduction goals established by the Paris Climate Agreement"	ECS pp. 1-2, 6-20
"reporting [that] cover[s]...the corporation's operations"	ECS pp. 1-2,10-22
"reporting [that] cover[s]...the corporation's...products"	ECS pp. 1-2, 14-15, 18-19 "ExxonMobil and Synthetic Genomics Algae Biofuels Program Targets 10,000 Barrels Per Day by 2025" news release[14]
"technology increases due to technical breakthroughs"	ECS pp. 18-19 "ExxonMobil to Join Oil and Gas Climate Initiative" news release[15] "ExxonMobil and Synthetic Genomics Algae Biofuels Program Targets 10,000 Barrels Per Day by 2025" news release[16]
potential future changes in "demand for [the Company's] products"	ECS pp. 2, 6-12
"[m]anagement of risks associated with climate change"	ECS pp. 3-7
"ensur[ing] that ExxonMobil is adequately prepared to be successful into the future"	ECS pp. 6-23

The 2018 ECS draws on the Company's detailed analysis of the assessed 2ºC scenarios in the Company's Outlook for Energy (the "**Outlook**"). The Outlook considers the impacts of current and potential future public climate change policies including the NDCs to the Paris Agreement. The Company believes the NDCs are indicative of countries' intentions to implement the Paris Agreement. The Outlook represents the Company's "view of energy demand and supply through 2040" and is used by the Company "to help inform [the Company's] long-term business strategies and investment plans." This published analysis is conducted yearly and currently extends through 2040, based upon internal data and analyses as well as publicly available information from external sources including the IEA. The Outlook incorporates recent developments in economic conditions, policy and technology, using a data-driven, bottom-up approach to produce a most-likely view of future energy supply and demand, which "anticipates significant changes through 2040 across the

[13] See footnote 10.

[14] https://news.exxonmobil.com/press-release/exxonmobil-and-synthetic-genomics-algae-biofuels-program-targets-10000-barrels-day-202

[15] https://news.exxonmobil.com/press-release/exxonmobil-join-oil-and-gas-climate-initiative

[16] See footnote 14.

world to boost living standards, reshape the use of energy, broaden access to abundant energy supplies, and accelerate decarbonization of the world's energy system to address the risks of climate change."[17] The Company's Outlook already contemplates a future energy mix that shifts toward lower-carbon-intensive fuels.[18]

The 2018 ECS describes the potential impact on the Company's business of a hypothetical 2ºC scenario, how the Company is adapting and implementing GHG emission reduction measures, and how the Company would be able to adapt to a lower-carbon future while remaining "well positioned for the continuing evolution of the energy system,"[19] including how the Company is monitoring indicators that may serve as signposts for potential acceleration in shifts to the energy landscape.[20]

With respect to the Proposal's request to set GHG emissions targets, recent press releases and the 2018 ECS detail the Company's commitment to mitigating emissions by describing various reduction measures. In particular, in May 2018, the Company announced "[GHG] reduction measures that are expected to lead to significant improvements in emissions performance by 2020, including a 15 percent decrease in methane emissions and a 25 percent reduction in flaring."[21] In addition, in August 2018, the Company's affiliate, Imperial Oil, announced "plans to apply advanced technologies and improvements in efficiency to reduce the greenhouse gas emissions intensity of its operated oil sands facilities" that "are anticipated to result in a 10 percent decrease in greenhouse gas emissions intensity by 2023, compared with 2016 levels."[22] And in June 2018, ExxonMobil's subsidiary XTO Energy announced that it reduced methane emissions from its operations by 9 percent since 2016, with a reduction of 4 percent achieved through XTO Energy's voluntary program and other operational improvements. [23]

In addition, with respect to the Proposal's request that the Company's "reporting should cover both the corporation's operations and products," the 2018 ECS describes how the Company provides "solutions that reduce [GHG] emissions for our customers", including natural gas (which "emits up to 60 percent fewer GHGs than coal"), as well as "weight-reducing plastics, friction-reducing lubricants, and mileage-increasing tire liners that can significantly improve efficiency and lower emissions for consumers."[24] A March 2018 ExxonMobil press release noted a new phase in the Company's research partnership with Synthetic Genomics that could lead to the ability to produce 10,000 barrels of algae biofuel (a lower-emission technology that could help customers reduce GHG emissions) by 2025.[25] Further, with respect to the Company's operations, the 2018 ECS describes the steps taken in the Company's operations to mitigate GHG emissions, such as increasing energy efficiency, reducing flaring, venting and fugitive emissions, implementing a methane management plan, and deploying technologies such as carbon capture and storage and

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[17] Outlook, p 2.
[18] ECS, p 2.
[19] ECS, p 2.
[20] ECS, p 9.
[21] https://news.exxonmobil.com/press-release/exxonmobil-announces-greenhouse-gas-reduction-measures
[22] https://news.imperialoil.ca/press-release/corporate/imperial-applying-new-technologies-reduce-oil-sands-greenhouse-gas
[23] https://news.exxonmobil.com/press-release/exxonmobils-xto-energy-announces-progress-methane-emissions-reduction-program
[24] ECS, p 19.
[25] https://news.exxonmobil.com/press-release/exxonmobil-and-synthetic-genomics-algae-biofuels-program-targets-10000-barrels-day-202

cogeneration.[26] ExxonMobil currently has a working interest in more than one-fifth of the world's carbon capture and storage capacity, capturing nearly 7 million tonnes of CO2 in 2017 for permanent and safe storage. Overall since 2011 ExxonMobil has avoided greater than 50 million metric tonnes of CO2.[27] The Company also made a substantial purchase of wind and solar energy for use in its operations last year.[28]

With respect to the Proposal's request that these GHG emissions targets be "aligned with the greenhouse gas reduction goals established by the Paris Climate Agreement," ExxonMobil states directly: "We . . . support the Paris Agreement."[29] ExxonMobil's actions to address the risk of climate change as detailed in the 2018 ECS -- developing scalable technology solutions, engaging on climate policy, providing products to help customers reduce their own emissions, and mitigating emissions in the Company's operations -- are undertaken in that context.[30] As previously discussed, the Company's Outlook, which was used to prepare the 2018 ECS and to inform the Company's operational plans, incorporates an analysis of current and future public climate change policies such as the goals of the Paris Agreement including country NDCs made pursuant to that Agreement.

Finally, the 2018 ECS demonstrates how the Company has provided information responsive to various statements in the Proposal's supporting statements. First, the Proposal references "technology increases due to technical breakthroughs", and as mentioned above, the 2018 ECS[31] and a 2018 algae biofuels press release[32] discuss examples of such technology solutions. In addition, a September 2018 ExxonMobil press release about the Company joining the Oil and Gas Climate Initiative notes that this voluntary initiative of oil and gas producers is focused on developing solutions in areas such as carbon capture and storage.[33] Second, the Proposal mentions potential future changes in "demand for [the Company's] products," and as discussed above the Company's Outlook and the 2018 ECS address this scenario in detail in their assessment of future 2°C scenarios.[34] Third, the Proposal mentions "[m]anagement of risks associated with climate change," and the 2018 ECS addresses this by describing the Company's climate-related risk oversight.[35] And fourth, the Proposal seeks to "ensure that ExxonMobil is adequately prepared to be successful into the future," and the 2018 ECS discusses throughout the various ways the Company is preparing its business for success in the future.[36]

Substantial implementation does not require implementation in full or exactly as presented by a Proposal, and the Staff has found proposals related to climate change excludable pursuant to 14a-8(i)(10) even if the Company's actions were not identical to the guidelines of the proposal. Both *Entergy Corp.* and *Duke Energy Corp.* permitted exclusion of a shareholder proposal pursuant to 14a-8(i)(10), even though the requested disclosures were not made in precisely the manner

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[26] ECS, pp 16-17.
[27] ECS, p 16.
28 https://www.bloomberg.com/news/articles/2018-11-28/oil-giant-exxon-turns-to-wind-solar-for-home-state-operations
29 ECS, p 1.
30 ECS, pp 6-20.
31 ECS, pp 18-19.
[32] https://news.exxonmobil.com/press-release/exxonmobil-and-synthetic-genomics-algae-biofuels-program-targets-10000-barrels-day-202
[33] https://news.exxonmobil.com/press-release/exxonmobil-join-oil-and-gas-climate-initiative
34 ECS, pp 2, 6-12.
35 ECS, pp 3-7.
36 ECS, pp 6-23.

contemplated by the proponent. Numerous other letters reinforce this approach. *See, e.g., Merck & Co., Inc.* (March 14, 2012) (permitting exclusion of a shareholder proposal requesting a report on the safe and humane treatment of animals because the company had already provided information on its website and further information was publicly available through disclosures made to the United States Department of Agriculture); *ExxonMobil Corp.* (March 17, 2011) (permitting exclusion of a shareholder proposal requesting a report on the steps the company had taken to address ongoing safety concerns where the company's "public disclosures compare[d] favorably with the guidelines of the proposal"); and *ExxonMobil Corp.* (January 24, 2001) (permitting exclusion of a shareholder proposal requesting the review of a pipeline project, the development of criteria for involvement in the project and a report to shareholders because it was substantially implemented by prior analysis of the project and publication of such information on the company's website).

The essential objective of the Proposal is for the Company to disclose "short-, medium- and long-term greenhouse gas targets aligned with the greenhouse gas reduction goals established by the Paris Climate Agreement," and this has been substantially implemented by the Company through its 2018 ECS and other public disclosure. The report prepared by the Company compares favorably with the essence of the Proposal, and thus the Proposal is excludable under Rule 14a-8(i)(10).

CONCLUSION

The Company requests confirmation that the Staff will not recommend any enforcement action if, in reliance on the foregoing, the Company omits the Proposal from its 2019 Proxy Materials.

If you have any questions or require additional information, please contact me directly at 972-940-6211. In my absence, please contact David A. Kern at (972) 940-7228.

This letter and enclosures are being submitted to the Staff by email. A copy of this letter and the enclosures is also being sent to the Proponent by email.

Sincerely,

James E Parsons

James Earl Parsons

JEP/jep
Enclosures

cc w/ enc: New York State Common Retirement Fund

Louis Goldberg
Davis Polk & Wardwell LLP
Louis.goldberg@davispolk.com

Exhibit A

Proposal

PROPOSAL REGARDING GREENHOUSE GAS TARGETS

This proposal was submitted by the New York State Common Retirement Fund, 59 Maiden Lane – 30th Floor, New York, NY 10038, the beneficial owner of 10,584,905 shares and lead proponent of a filing group.

"RESOLVED: Shareholders request that the Board of Directors, in annual reporting from 2020, include disclosure of short-, medium- and long-term greenhouse gas targets aligned with the greenhouse gas reduction goals established by the Paris Climate Agreement to keep the increase in global average temperature to well below 2°C and to pursue efforts to limit the increase to 1.5°C. This reporting should cover both the corporation's operations and products, omit proprietary information, and be prepared at reasonable cost.

SUPPORTING STATEMENT: It is widely accepted that a transition to a low carbon economy - driven by advances in technology and government policy aligned with the Paris Agreement - is under way. As the use of zero- and low-carbon technology increases due to technical breakthroughs and decreasing costs, and as governments take steps to limit greenhouse gas emissions, fossil fuel companies face enhanced risk. These trends could limit returns to ExxonMobil's investors by increasing the company's operating costs or by reducing demand for its products.

The Grantham Research Institute on Climate Change and the Environment has identified at least 1,512 climate change laws. Growing recognition of the risks from climate change will result in increasing numbers of, stringency of, and support for these laws.

Disclosing targets is an important means of assuring investors of the management of risks associated with climate change and investors welcome ExxonMobil's recent announcement of a 2020 methane emission reduction goal. However, some of ExxonMobil's peer companies, including Total and Shell, have disclosed much longer-term ambitions, including for emissions resulting from the use of their products. Investors participating in Climate Action 100+, representing over $32 trillion in assets under management, are seeking enhanced disclosure of targets and other measures demonstrating company alignment with the Paris Agreement.

To ensure that ExxonMobil is adequately prepared to be successful into the future for its shareholders and other stakeholders we believe it is essential for the company to identify and disclose targets that are aligned with the goals of the Paris Agreement."

Exhibit B

Shareholder Correspondence